

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 3860	Department Water Resources	Priority No.
Budget Request Name 3860-001-BCP-DP-2016-MR		Program 3230	Subprogram

Budget Request Description
Emergency Drought Response

Budget Request Summary

This request is to respond to California's drought emergency in compliance with Governor Brown's Proclamation of a State of Emergency and Executive Order B-21-13 and subsequent Executive Orders in fiscal year (FY) 2016-17. There are three components to this request:

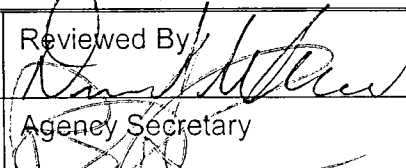
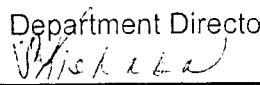

- 1) An additional one-time appropriation of \$5 million from the General Fund to complement the \$5 million local assistance requested in the Department of Water Resources' (DWR) FY 2016-17 Drought Emergency Response budget change proposal (BCP) included in the Governor's Budget.
- 2) Removal of \$42 million General Fund, included with the aforementioned BCP for the removal and installation of salinity control barriers in the Delta and \$3 million reduction in the Save Our Water Program.
- 3) Reappropriation of approximately \$31 million from Propositions 13 and 50 to support the planning, permitting, and installation of the emergency drought barriers in the spring of 2017.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

☐ FSR ☐ SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Gary Lippner/Art Hinojosa	Date 3/24/16	Reviewed By 	Date 5/4/16
Department Director 	Date 5.4.2016	Agency Secretary 	Date 5/5/16

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐ Dept. of Technology

BCP Type: ☐ Policy ☐ Workload Budget per Government Code 13308.05

PPBA	Original Signed by Amanda Martin	Date submitted to the Legislature 5/13/16
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BCP Fiscal Detail Sheet

BCP Title: Drought Emergency Response

DP Name: 3860-001-BCP-DP-2016-MF

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Operating Expenses and Equipment						
5340 - Consulting and Professional Services - External	0	-45,000	0	0	0	0
54XX - Special Items of Expense	0	5,000	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$-40,000	\$0	\$0	\$0	\$0
Total Budget Request	\$0	\$-40,000	\$0	\$0	\$0	\$0

Fund Summary

Fund Source - State Operations						
0001 - General Fund	0	-45,000	0	0	0	0
Total State Operations Expenditures	\$0	\$-45,000	\$0	\$0	\$0	\$0
Fund Source - Local Assistance						
0001 - General Fund	0	5,000	0	0	0	0
Total Local Assistance Expenditures	\$0	\$5,000	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$-40,000	\$0	\$0	\$0	\$0

Program Summary

Program Funding						
3230 - Continuing Formulation of the California Water Plan	0	-40,000	0	0	0	0
Total All Programs	\$0	\$-40,000	\$0	\$0	\$0	\$0

Analysis of Problem

A. Budget Request Summary

This request is for a one-time appropriation of \$5 million from the General Fund to respond to California's drought emergency in compliance with Governor Brown's Proclamation of a State of Emergency and Executive Order B-21-13 and subsequent Executive Orders in FY 2016-17. The \$5 million will be allocated for local assistance with a 2-year encumbrance period and complement the \$5 million local assistance requested in the FY 2016-17 Drought Emergency Response budget change proposal (BCP) included in the Governor's Budget.

This request removes \$42 million General Fund, included with the aforementioned BCP for the removal and installation of salinity control barriers in the Delta. With improved hydrologic conditions from the Sacramento River basin this past winter, the Department of Water Resources (DWR) will not need to install the proposed emergency salinity barrier for spring of 2016; therefore no funding is needed to remove any such barrier in fall 2016. Furthermore, the funds which would have been used to install a barrier this spring can be utilized to do so in 2017 (if such a barrier is needed), so no additional General Fund is needed to install a potential barrier in the spring of 2017. This request also reduces \$3 million General Fund included with the aforementioned BCP for the Save Our Water Program.

DWR also requests the reappropriation of approximately \$31 million from Proposition 13, Chapter 9, Section 79190 and Proposition 50, Chapter 7, Section 79550(b) to support the planning, permitting, and installation of emergency drought barriers in the spring of 2017 if conditions warrant. The purpose of the project is to construct one or more barriers at strategic Sacramento-San Joaquin Delta locations to minimize drought salinity impacts on Delta water beneficial uses should critically dry conditions return.

These efforts are a critical part of the California Water Action Plan (CWAP), the California Water Plan (CWP), and the DWR Emergency Response Plan.

B. Background/History

Although many parts of Northern California, especially the northern Sierra Nevada and North Coast, have experienced near average precipitation this past winter, much of the State continues to suffer from water deficits. For those communities dependent on groundwater, drought conditions will intensify the existing impacts and will require additional emergency measures and actions to be taken by DWR. These include an expanded local assistance effort and a large increase in monitoring of available water resources, water supply needs, and impacts from these historical dry conditions.

The expected hydrology for the Sacramento River basin, though only near normal conditions, has improved enough to allow State and federal water project operators to manage conditions in the Sacramento-San Joaquin Delta without the need for any emergency salinity barriers.

With some areas of the State showing signs of recovery, DWR will focus on the regions and areas that continue to be impacted by extreme drought conditions. These regions will likely include, but are not limited to, the Central Valley and foothills, due to groundwater conditions and the Central Coast and Southern California, due to local and imported water shortages. Some water sectors will also continue to be impacted including agriculture, the environment and rural communities. DWR will be required to maintain its role in providing drought emergency technical and direct assistance to these regions and sectors.

The Governor continues to issue Executive Orders to ensure that State and local agencies are doing everything possible to address the impact of these historic drought conditions. These orders, in part, require DWR, along with other State agencies, to assist local agencies with the identification of acute drinking water shortages in domestic water supplies and to work with local agencies in implementing solutions to those water shortages, conservation actions and activities, and education.

Analysis of Problem

C. State Level Considerations

This proposal (and amendment to the FY 2016-17 Drought Emergency Response BCP included in the Governor's Budget) complies with Governor Brown's Proclamation and Executive Order B-21-13 and subsequent Executive Orders.

The elements of DWR's Drought Emergency Preparedness and Response Program (Program) include communications and public outreach, statewide management, oversight and agency coordination, leading the multi-agency Real Time Drought Operations Team which oversees Delta water supply, water quality and environmental drought impacts, and implementation actions and activities. The Program also includes DWR's Drought Management Operations Center activities which provide local and statewide advance action planning and the ability to directly respond to specific critical water shortages. The Program also provides drought information and technical assistance, monitors critical water shortage and drought conditions, identifies critical areas, assesses local infrastructure and water system conditions, collects groundwater information, and serves as a centralized point for collection and dissemination of critical water shortage and drought conditions as required by Governor Brown's Proclamation and Executive Orders B-21-13 and subsequent Executive Orders. An important role of this program is to organize and coordinate with a number of State and local agencies to ensure that drought impacts are identified early and appropriate and timely response actions are implemented. The Drought Emergency Preparedness and Response activities will be closely coordinated with key agencies including the State Water Resources Control Board, Department of Housing and Community Development, Department of Fish and Wildlife, Cal Fire, Department of Food and Agriculture, the Governor's Office of Emergency Services, the federal government, and local agencies statewide.

D. Justification

The resources requested in this proposal are required for DWR to comply with Executive Orders B-21-13, subsequent Executive Orders and the requirements of Governor Brown's Proclamation, as detailed in Section B of this request.

In order to comply with Executive Orders B-21-13, subsequent Executive Orders and the Governor's Drought Proclamation, DWR requests \$5 million in local assistance to provide assistance to address emergency water supplies in disadvantaged communities that have been unable to obtain short-term and long-term emergency water supplies. During FY 2015-16, DWR has been successful in collaborating with other agencies to leverage other federal, State, and local resources to address short-term emergency water supply needs and develop infrastructure that supports drought resiliency. DWR will continue to work with these agencies to leverage available funding to maximize implementation of needed projects in a timely manner.

For the communities and individuals that rely on small rivers, streams, and groundwater, water supply conditions continue to degrade in many areas as the drought persists and some short-term solutions are not cost effective. This request provides for direct support to address cost effective long-term solutions for drinking water shortages in several communities identified to have this critical water shortage need. These include the communities of East Porterville, Kettleman City, Orange Center/Daleville, Okieville, Hardwick, Cantua Creek, El Porvenir, and other communities that have identified critical water supply needs.

In addition, DWR is requesting the reappropriation of Proposition 13 and Proposition 50 funding for salinity barrier installation. The following reappropriations are requested:

Fund 6026 – Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Prop 13) –Water Supply, Reliability, and Infrastructure Program (Ch. 9, Section 79190) (3860-301-6026, Program 3230) FY 2009-10 – Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.), as reappropriated by Item 3860-492, Budget Act of 2012, (Chs. 21 and 29, Stats. 2012)

(2) 0000265 - Franks Tract Pilot Project (3860109518000400) \$300,655

Analysis of Problem

Fund 6031 – Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Prop 50) – CALFED Bay-Delta Program (Ch. 7, Section 79550(b)) (3860-301-6031, Program 3230) Budget Act of 2009 (Ch. 1, 2009–10 3rd Ex. Sess., as revised by Ch. 1, 2009–10 4th Ex. Sess.), as reappropriated by Item 3860-492, Budget Act of 2012, (Chs. 21 and 29, Stats. 2012)

(2) 0000265 – Franks Tract Pilot Project (3860109518000300) \$10,000,000

Fund 6031 – Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Prop 50) – CALFED Bay-Delta Program (Ch. 7, Section 79550(b)) (3860-001-6031, Program 3230) Budget Act of 2010 (Ch. 712, Stats. 2010), as reappropriated by Item 3860-490, Budget Act of 2011 (Ch. 33, Stats. 2011), Item 3860-491, Budget Acts of 2013 (Chs. 20 and 354, Stats. 2013) and 2014 (Chs. 25 and 663, Stats. 2014), and as partially reverted by Item 3860-495, Budget Acts of 2013 (Chs. 20 and 354, Stats. 2013) and 2014 (Chs. 25 and 663, Stats. 2014), as reappropriated by Item 3860-490, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015)

Prop 50 Emergency Drought Barrier (\$20,877,000)

These reappropriated funds will support the planning, permitting, and installation of the Emergency Drought Barriers project. The purpose of the project is to construct one or more barriers at strategic Sacramento-San Joaquin Delta locations to minimize drought salinity impacts on Delta water beneficial uses.

California is currently in its fifth year of drought. While El Niño weather patterns are forecasted, and rainfall amounts continue to increase, the restoration of necessary Delta outflows may not be achieved. As of April 4, 2016, the statewide snowpack is only 80 percent of average. Consequently, San Francisco Bay water salinity intrusion may result in unacceptable Delta drinking water, irrigation, and aquatic habitat impacts. The need for future barriers is unknown but planning, permitting, and preparing to fund future barrier installations is critical.

DWR successfully planned, permitted, and installed the 2015 West False River Emergency Drought barrier. The barrier provided the desired salinity intrusion control. While the installation of the 2015 barrier did not require the use of all available Proposition 13 and 50 funding, the FY 2016-17 barrier installation and the planning and permitting for a FY 2017-18 barrier will utilize all available funds.

If this request is not approved, barrier planning and permitting will be delayed, resulting in installation delays and forecasted degradation of Delta waters and habitat due to increased salinity intrusion, and the approval of other emergency funding sources will be necessary.

E. Outcomes and Accountability

The requested resources will be allocated to fund the tasks listed below.

Implementation of Management Actions	One-time increase of \$5 million for local assistance to address emergency water supply and support long-term drought resiliency needs in disadvantaged communities.
Remove General Fund support for salinity barriers	Remove \$42 million for removal in 2016 and installation in 2017 of emergency salinity barriers.
Reappropriate Prop 13 and 50 funds for salinity barrier	\$31,177,655 reappropriated from Propositions 13 and 50 for spring 2017 salinity barrier installation.

Analysis of Problem

Projected Outcomes

Workload Measure	FY 16/17
Local Assistance	2-4 additional Community Projects

F. Analysis of All Feasible Alternatives

1. **Approve the additional \$5 million General Fund for DWR to perform local assistance projects,** remove the \$42 million General Fund for salinity barrier removal and installation, and reappropriate approximately \$31 million Propositions 13 and 50 funds for potential spring 2017 Delta emergency salinity barrier installation. This would be the most effective way for DWR to implement the Governor's directives without hindering DWR's other critical functions.
2. **Approve an amount less than the additional \$5 million General Fund.** While any additional funding would help to support emergency water supplies in disadvantaged communities this is not the most effective alternative since it may require DWR to forego activities and/or supplement with existing resources in order to carry out the most critical tasks. This could delay critical projects and would limit DWR's ability to provide local assistance to address emergency water supplies in disadvantaged communities that have been unable to obtain efficient long-term emergency water supplies.
3. **Deny the proposed funding request and direct DWR to reallocate existing funding.** Reallocating existing resources would hinder DWR's ability to fund other programs critical to its mission. In addition, some existing resources may require changes in legislation before they can be expended as local actions may not be an authorized use of the funds.

G. Implementation Plan

Work will include local assistance to address cost effective long-term solutions for drinking water shortages in disadvantaged communities identified to have this critical water shortage. The work will be part of DWR's Implementation of Management Actions activity area. The Drought Emergency Preparedness and Response activities will be closely coordinated with key agencies including the State Water Resources Control Board, Department of Housing and Community Development, Department of Fish and Wildlife, Cal Fire, Department of Food and Agriculture, the Governor's Office of Emergency Services, the federal government, and local agencies.

H. Recommendation

Alternative 1: Approve the additional \$5 million General Fund for DWR to perform local assistance projects, remove the \$42 million General Fund for removal and installation of emergency salinity barriers, and reappropriate approximately \$31 million Propositions 13 and 50 funds for the potential installation of emergency salinity barriers in the spring of 2017 should conditions warrant.